



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

October 19, 1994

Mr. William Almas
Energy Fuels Nuclear, Inc.
One Tabor Center, Suite 2500
1200 Seventeenth Street
Denver, Colorado 80202

Re: Reduction of Reclamation Sureties, Energy Fuels Nuclear, Inc. (EFN), Patti Ann Mine M/037/003, Far West Mine M/037/019, San Juan County, Utah

Dear Mr. Almas:

Division and Bureau of Land Management (BLM) staff recently inspected both the Patti Ann and Far West mine sites (copies of inspection memos attached). The purpose of these inspections was to evaluate revegetation success at the recently reclaimed sites. The overall recontouring and site cleanup work is commendable. Both sites have a degree of revegetation success, but the vegetation cover is not sufficient to meet the 70% release standard at this time.

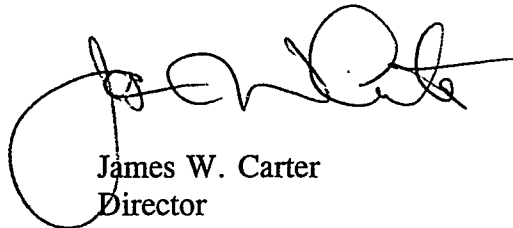
The Division hereby grants a partial release of the reclamation sureties for the Patti Ann and Far West mine sites. The BLM also concurs with this action. The surety amounts now required by the Division are \$1,600 and \$2,300 for the Patti Ann and Far West mines, respectively (calculation sheet attached). These surety amounts are retained to cover the costs of reseeding the sites should the first seeding attempt fail. These new surety amounts were escalated two years into the future because it is anticipated that these sites will require an additional 1-2 more growing seasons before satisfying the revegetation release standards.

EFN may reduce the surety amounts at its earliest convenience. Riders to the existing surety bonds which reduce the amounts accordingly would be the method of surety reduction preferred by the Division. Please contact Wayne Hedberg or Tony Gallegos of my staff, if

Page 2
William Almas
M/037/003 & M/037/019
October 19, 1994

you have any questions regarding this letter. Please accept our apology for the unforeseen delay in responding to your surety release requests.

Very truly yours,

A handwritten signature in black ink, appearing to read 'James W. Carter', with a large, stylized initial 'J'.

James W. Carter
Director

jb
Attachments: surety calculation sheet & 2 inspection memos
cc: Sal Venticinque, BLM, Grand RA
Lowell Braxton, DOGM
M37-03S.let

SURETY ESTIMATE UPDATE

DRAFT

Energy Fuels Nuclear, Inc.

filename M37-03RD.WQ2

Patti Ann Mine

M/037/003

San Juan County

11.4 acres

Far West Mine

M/037/019

San Juan County

20 acres

Prepared by Utah Division of Oil, Gas & Mining

Last Update

09/22/94

DESCRIPTION:

- Surety amount reduced for completion of earthwork and seeding performed in 1992-1993
- Maintain a surety amount for re-seeding costs based on 1988 unit costs
- Revegetation has now survived 1 or 2 seasons and therefore requires 1-2 more seasons
- Where available, 1988 unit costs were used and escalated 2 years into the future

	Patti Ann costs (1988-\$)			Far West costs (1988-\$)		
RESEEDING	acre	\$/acre		acre	\$/acre	
seed application*	11.4	40	456	20	40	800
seed cost	11.4	70	798	20	50	1,000
subtotal			1,254			1,800
add 10% contingency			125			180
reduced surety total in 1988 dollars			\$1,379			\$1,980

ESCALATION (factors through 1992 are actual Means Historical Cost Indices)

CALCULATIONS		ESCAL	Patti Ann BOND	Far West BOND
$F = P(1 + i)^{**n}$	YR	FACTOR	AMOUNT	AMOUNT
F = Future Sum	1988	0.0181	\$1,379	\$1,980
P = Present Sum	1989	0.0177	\$1,404	\$2,015
i = Escalation Factor	1990	0.0077	\$1,415	\$2,031
n = number of periods	1991	0.0127	\$1,433	\$2,056
	1992	0.0221	\$1,464	\$2,102
Three Yr Average = 2.01%	1993	0.0254	\$1,501	\$2,155
Used to Project 2 Yrs	1994	0.0201	\$1,532	\$2,199
Into the Future	1995	0.0201	\$1,562	\$2,243
From the Year 1994	1996	0.0201	\$1,594	\$2,288

Updated Surety Amount Rounded (1996 \$)

\$1,600

\$2,300

Average cost per acre =

140 (\$/ACRE)

115 (\$/ACRE)

Patti Ann

Far West

* unit cost for seed application assumed by DOGM



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

August 23, 1994

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer *da*

RE: Site Inspection, Energy Fuels Nuclear, Inc. (EFN), Far West Mine,
M/037/019, San Juan County, Utah

Date of Inspection: August 18, 1994
Time of Inspection: 1750 - 1821
Conditions: Hot, partly cloudy
Participants: Sal Venticinque, BLM Grand RA; Wayne Hedberg, Tony Gallegos,
DOGM

Purpose of Inspection: To examine the revegetation/reclamation success at this site.

This site was reclaimed in 1992. There are boulders preventing vehicle access onto the reclaimed mine site. The county road ends at the boulders. The reclaimed access road was shallow ripped at final reclamation. The vegetation is coming in good in the ripped furrows. Power lines crossing the site are under a Right-of-Way with Utah Power; and, therefore, were not part of the reclamation responsibility of EFN. Overall vegetation success at this site would be described as "OK", but not great. The gray and red soils at the site seem to have a negative affect on vegetation. The crust on these soils may be part of the cause of poor revegetation success, or there may be a chemical or fertility problem. The backfilled/regraded portal appears stable. Photographs were taken to document the status of the site.

Division and BLM staff were in agreement with allowing partial surety release for this site. A portion of the surety covering site reseeding costs only will need to be retained by the Division. The Division will send a letter to EFNI regarding the partial surety release.

jb
cc: Roger Smith, EFN
Sal Venticinque, BLM Grand RA
M37-19.INS





State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

August 22, 1994

TO: Minerals File

FROM: Tony Gallegos, Reclamation Engineer *clg*

RE: Site Inspection, Energy Fuels Nuclear, Inc.(EFN), Patti Ann Mine, M/037/003, San Juan County, Utah

Date of Inspection: August 18, 1994

Time of Inspection: 1700 - 1730

Conditions: Hot, partly cloudy

Participants: Sal Venticinque, BLM; Wayne Hedberg, Tony Gallegos, DOGM

Purpose of Inspection: To examine the revegetation/reclamation success at this site.

This mine site was reclaimed in 1992 by EFN. We first examined the portion of the site located to the north of the main access road. The maps on file show two ore pads in this area. Regrading and revegetation success in this part of the site is satisfactory. Species observed included: crested wheatgrass, indian ricegrass, rubber rabbitbrush, fourwing saltbush, yellow sweetclover, aster (spp.?), halogeton, russian thistle, and another grass (spp.?). The backfilled/regraded portal entry on the south side of the main access road appears stable, although vegetation success is limited here.

We next visited the western portion of the site. The maps on file show a waste dump, shop, office slab and Columbia shaft on this portion of the site. This part of the site has some areas of satisfactory revegetation success, but the majority of this area has not revegetated well. It appears that some of the areas of gray soils/waste rock(?) are not hospitable to plants. The west-southwest end of the wasterock dump/pad area and the south edge along the main access road were left at angle of repose. These out slopes are showing signs of rilling and some gully erosion, particularly evident on the west-southwest dump out slope. Vegetation on these wasterock dump out slopes is virtually non-existent. Hand-held radiation measurements taken of the area ranged from 50-400 micro-R/hr., with an average value of @150 micro-R/hr.

Photographs were taken to document the status of the site. BLM and Division staff were in agreement with allowing partial release of the reclamation surety for this site. A portion of the surety covering site revegetation costs will need to be retained by the Division. The Division will send a letter to EFN regarding the partial surety release.

jb

cc: Roger Smith, EFN
Sal Venticinque, BLM Grand RA
M37-03.INS

